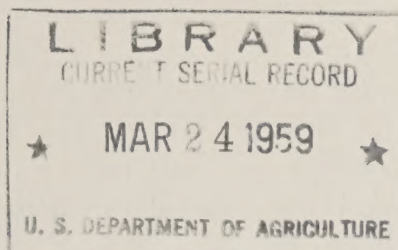


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The AGRICULTURAL OUTLOOK DIGEST

AGRICULTURAL MARKETING SERVICE, U.S.D.A.

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The cattle cycle has turned upward again after a two-year period of decline.

Three and one-half million gain last year boosted January 1 cattle population back up to the 1956 high of 97 million. All classes of beef animals were up--cows and calves 1.3 million each, steers and heifers 3/4 million each. Number of milk cows fell 3/5 of a million to lowest point since 1921. Continued build-up in cattle numbers is likely this year, and slaughter will continue cyclically low.

January 1 inventory included 6 1/2 million cattle and calves on feed, a tenth more than last year. Slaughter this winter will be larger than last year. Prices may be below a year earlier until spring, but by late summer they're likely to again be above 1958. Numbers of grass cattle and young stock will be above 1958 since a larger calf crop appears likely.

Numbers of sheep and lambs January 1 were up 4% from last year. This included 600,000 more ewes one year old or over, 400,000 more stock lambs, and 270,000 more on feed. These increases make likely larger sheep and lamb slaughter this year.

FARM INCOME. Gross farm income reached a new high in 1958, and net income rose more than a fifth over 1957.

Increased marketings of crops and 11 percent higher average prices for livestock and products boosted cash receipts last year 12% above 1957.

Expenses for farm production also were up in 1958--6 percent--but not enough to offset the increase in gross income. Consequently, the net income realized by farm operators rose a fifth to \$13.1 billion, highest in 5 years. A similar gain was made by total net income which takes into account changes in inventories. Last year, farmers built up numbers of livestock and increased stocks of wheat and corn.

Rise in income from farm sources pushed net income per person on farm to a new peak of \$1,068 last year. Income from nonfarm sources fell slightly. Previous high was \$983 in 1951. Figure for 1957 was \$967.

WHEAT. Larger wheat exports than were expected earlier are in prospect. Estimate is now 450 million bushels. The 1957-58 figure was 402 million.

ORANGES. About half again as many remained to be marketed as at this time last year. Processing of the crop was slow getting under way because of late maturity, but will pick up rapidly. Production of frozen orange juice is likely to top last season by a fifth.

VEGETABLES. Record supplies of canned vegetables, moderately less frozen supplies than a year ago are in prospect for the remainder of this season. Retail prices probably will average a little higher than last year. But lower prices are likely for some items in particularly heavy supply, such as canned tomatoes and tomato products.

POTATOES. Large stocks of fall crop potatoes will continue the key factor in the market for the next several weeks. They are likely to hold prices below last year's levels, even though winter production is down and farmers' intentions point to smaller acreages for the early spring, late spring and early summer crops.

COTTON. Exports so far this season are running about half those of the first 5 months of 1957-58. Working against U. S. exports are reduced consumption and increased production in foreign countries, and reduced prices for foreign cotton.

DAIRY PRODUCTS. Milk production at the turn of the year was running at about year earlier levels. Total for 1959 probably will be a little above 1958. Some further decline in number of milk cows is likely but this is expected to be more than offset by higher production per cow.

Use of dairy products per person in 1958 was equivalent to 695 pounds of milk, slightly ahead of the 1957 figures of 691 but far below the 1947-49 average of 742. Consumption of American cheese hit a new high of 5.9 pounds per person. Gain was probably due to relatively high prices for meat. Use of ice cream also was up a little. Most other manufactured products showed a decline. Consumption of fluid milk and cream changed little from 1957.

EGGS. Seasonal price decline from mid-February is likely to be moderate. Supplies will continue to run above last year, but a relatively large quantity is likely to go into commercial breaking and storage in the shell.

BROILERS. Prices have fluctuated widely so far this year. Market supplies will continue generally heavy the next few months, judging from 8 to 10 % increase over a year ago in eggs setting in recent weeks.

FATS AND OILS. Total use this year is likely to rise 5% above 1958 to a new high. A new peak for domestic use is in sight and exports appear likely to equal the 1956-57 record. But the big increase in supplies this year--15%--means a sharp increase in carryover next October 1. Largest part of the stocks are likely to be in soybeans.

FEED. A fairly stable price level for corn is in prospect for the spring and summer. Average for the period is likely to be below a year ago. January prices to farmers averaged 9 cents above 1958 when they were at a delayed seasonal low. The January-June rise last year was 26 cents a bushel.

Prices of high protein feed have receded from the high points of January but remain well above a year ago.

WOOL. Use of apparel wool by domestic mills increased during 1958 and in the last quarter was a fifth above a year earlier. But the total for 1958 was down 12% from 1957.